

Refer to:

September 30, 2003

Barry S. Maram, Director  
Illinois Department of Public Aid  
Prescott E. Bloom Building  
201 South Grand Avenue East  
Springfield, Illinois 62763-0001

Dear Mr. Maram:

The Centers for Medicare & Medicaid Services (CMS) has determined that additional areas must be clarified before a final determination can be made on Illinois' request to amend the home and community-based services (HCBS) waiver for supportive living, control number 0326.90. The questions below are standard questions that CMS is asking on all waiver actions that effect cost neutrality. We ask that you provide the following information:

1. Section 1903(a)(1) provides that Federal matching funds are only available for expenditures made by states for services under the approved State Plan/waiver. To ensure that program dollars are used only to pay for Medicaid services, we are asking states to confirm to CMS that providers retain 100 percent of the payments provided for in this HCBS waiver. Do providers retain all of the Medicaid payments (including regular and any supplemental payments) including the Federal and State share, or is any portion of any payment returned to the State, local governmental entity, or any other intermediary organization? If providers are required to return any portion of any payment, please provide a full description of the repayment process. Include in your response a full description the methodology for the return of any of the payments, a complete listing of providers that return a portion of their payments, the amount or percentage of payments that are returned and the disposition and use of the funds once they are returned to the State (i.e., general fund, medical services account, etc.).
2. Section 1902(a)(2) provides that the lack of adequate funds from local sources will not result in the lowering the amount, duration, scope, or quality of care and services available. Similarly, Olmstead Update #4, dated January 10, 2001, indicates that "States are not allowed to place a cap on the number of enrollees who may receive a particular service within a waiver." Please describe how the State share of each type of Medicaid payment in the financial estimates provided in the waiver (including regular and any supplemental payments) is funded. Please describe whether the State share is from appropriations from the legislature, through intergovernmental transfer agreements (IGTs), certified public expenditures (CPEs), provider taxes, or any other mechanism used by the state to provide State share. Please provide an estimate of total expenditures and State share amounts for each type of Medicaid payment. If any of the State share is being provided through the use local funds using IGTs or CPEs, please fully describe the matching arrangement. If CPEs are used, please describe how

the State verifies that the expenditures being certified are eligible for Federal matching funds in accordance with 42 CFR 433.51(b).

3. Section 1902(a)(30) requires that payments for services be consistent with efficiency, economy, and quality of care. Section 1903(a)(1) provides for Federal financial participation to States for expenditures for services under an approved State plan/waiver. If supplemental or enhanced payments are made, please provide the total amount for each type of supplemental or enhanced payment made to each provider type in the waiver).
4. Does any public provider receive payments (including regular and any supplemental payments) that in the aggregate exceed its reasonable costs of providing services? If payments exceed the cost of services, does the State recoup the excess and return the Federal share of the excess to CMS on the quarterly expenditure report?

Under Section 1915(f) of the Act, a HCBS waiver amendment must be approved, disapproved, or additional information requested within 90 days of receipt. This letter constitutes a formal request for additional information and stops the 90-day clock. Upon receipt of the State's response to this request, a new 90-day clock will begin.

If you have any questions about this request, please contact Alan Freund at 312-353-1589.

Sincerely,

/s/

Cheryl A. Harris  
Associate Regional Administrator  
Division of Medicaid and Children's Health

cc: Barb Ginder, IDPA  
Mary Jean Duckett, CMSO  
Deidra Abbott, CMSO  
Lavern Ware, CMSO